

**STATE OF CALIFORNIA
FRAUD ASSESSMENT COMMISSION MEETING
SACRAMENTO, CALIFORNIA
SEPTEMBER 11, 2007**

In attendance: William Zachry, Chair, and Commission Members Darlyn Regan, Jiles Smith, Chuck Center, Carol Schatz, Lilia Garcia and James Little.

Others present: Dale Banda, Deputy Commissioner, Enforcement Branch, California Department of Insurance; Rick Plein, Bureau Chief, Workers' Compensation Anti-Fraud Program; and Vanessa Himelblau, Senior Staff Counsel, Legal Division.

Chair William Zachry opened the meeting and raised the issue as to whether there were any corrections to the submitted minutes from June 13, 2007.

Motion

Commission member Jiles Smith commented that there were no corrections and seconded the motion to approve the minutes as submitted.

Action

The minutes were unanimously passed.

Chair William Zachry gave an overview of the meeting and requested the first presenter to come forward.

Tom Veale, President, Tristar Risk Management addressed the Fraud Assessment Commission (FAC). Tristar is a Third-Party Administrator based in Los Angeles and has been in business over 20 years. There are approximately 400 employees in California and 150 employees out of state. Together, these employees see around 60,000 workers' compensation claims per year. After providing a summary of the process, Mr. Veale remarked that he would address two types of fraud: the corporate side of fraud, which is third-party administrators, and secondly the fraud that relates to the employees of the third-party administrator.

Tristar can see fraud occurring in various areas from anyone who touches the file, business partners, staff involved with the contracts, law firms, medical clinics and/or photocopy work. Under these vendors, third-party administrators see the majority of fraud. And finally, fraud committed by organized crime, which began ramping up again in 2005.

In the managed care arena, we've seen fees for utilization review (UR) at a hundred percent, having virtually every request for treatment put through a full UR process.

In the California market over the last three to four years, a large number of third-party administrators who operate in the State have been taken over by companies that are not involved in the claims or the insurance business. "One of the easiest ways to drive the bottom line is to increase workload and decrease support staff," stated Veale. The California third-party claims administration environment is extremely competitive.

Chair, Zachry raised the issue of the Utilization Review (UR) being used for each and every medical event. "They (TPAs) are using a UR company that they own or they have connections with to increase their revenue," noted Zachry. Mr. Veale clarified that it is not just an issue of an additional revenue source but disclosure of the TPA's relationship to the UR company.

Commission member Smith raised the concern, "Is this fraud, in your opinion?" Chair Zachry commented that if the TPA is operating in this manner to increase their revenue and the insured or the self-insured or the employer is not aware, then this could be a question as to whether it is fraud or not.

Mr. Veale provided some interesting examples of fraud within the TPA system committed by individuals at all levels of the TPA. Additionally, TPAs are experiencing more organized crime fraud with existing vendors, especially in the medical community.

Commission member Schatz raised the issue as to how is organized crime defined? "I mean, I think about the Godfather when you talk about organized crime. I suspect it's somewhat different these days. So what are we talking about?" queried Schatz.

Mr. Veale reported that although it can be the Tony Soprano type, it is more likely to be eastern European or Central American gangs. These individuals are programmers, data specialists and medical professionals; they know what they are doing. In organized crime, the perpetrator creates high quality billings, the names are good, the social security numbers, claims numbers and even the date of the injury. This type of criminal activity is very difficult to detect.

In summary, how do you protect yourself, how do the payers protect themselves—the third-party claims administration business, which includes the insurance companies:

- 1) Always request an audited financial statement;
- 2) Check the Dun & Bradstreet reports;
- 3) Check references for five years of history;
- 4) Verify insurance coverage limits and meet the management team.

Chair Zachry commented that when these kinds of fraud happen, it really ends up hurting the injured worker. If the benefits are not being provided on a timely basis, if you're not staffing adequately, if you're not doing a good job of

investigating and determining compensability, it ends up hurting the injured worker.

Christine Baker, Executive Officer for the California Commission on Health and Safety and Workers' Compensation (CHSWC) addressed the Fraud Assessment Commission (FAC). Ms. Baker reported on the medical billing study which is under contract with Navigant Consulting, Incorporated. The study continues to have cooperation from the industry, the insurance companies, the self-insured employers and third-party administrators.

As of August 30, 2007, medical bill data for 775 injured workers has been submitted. Navigant anticipates receiving medical bill data for an additional 141 injured workers to complete the final sample size.

There have been a couple of challenges in acquiring the needed data. As an example, self-insured employers designated their current TPA to provide medical bill data; however, some of the claims are for dates of injury when they had a different TPA. Also, the University system refused to respond saying it was not mandatory for the university to participate. As a result of these data delays, a recommendation was made to have a no cost extension to the contract. It is only necessary to prepare an amendment to the existing contract and this process is in the best interest of the Department of Insurance and Navigant.

Deputy Commissioner Banda raised the issue as to when to expect the conclusion of the research study. The conclusion of the study is expected in April 2008.

Chairman Zachry remarked that many individuals assume that this study will provide exact information on how much medical fraud is in the system. Mr. Zachry cautioned that the research was a payment accuracy study and not a fraud study to quantify how much fraud is in the system.

Mr. Frank Neuhauser presented three proposals for extending the research work that the FAC began with Navigant. As requested by the FAC, Mr. Neuhauser made suggestions that cover different areas of work that the FAC and investigators would find interesting. The first idea is to look at a way to anticipate fraud and then have early intervention. We can look at the characteristics associated with past fraud and perhaps utilize that information to predict future fraud. The two most prominent characteristics are age and gender of claimants based on historical data in both workers' compensation and automobile fraudulent activities.

The second study suggested is one that deals with the issue as to whether or not professional employment organizations (PEOs), are a source of fraudulent activity to avoid premium either by disguising an experience modification for an

employer by reporting high risk employees in the actual class codes or possibly by underreporting payroll.

Mr. Neuhauser offered a third suggestion to the FAC. This would be a straightforward study that would extend the research on the extent of underreporting and misreporting using the current population survey. Historically, we took a look at fraud through calendar year 2002. Now we can extend the research through 2005. We will gather information from a time when the rates peaked and then declined substantially. This could help determine whether or not employer fraud became sort of petrified into the system when the rates were high or whether as a result of rates dropping, employers went back to reporting payroll more accurately.

Commission member Schatz commented that she has previously raised the question about the fact that we saw the spike in rates immediately after that, and how does that affect the underreporting and all those activities. "Has that come down as rates have come down or are rates not down enough to reflect any difference. I think that's critical," stated Schatz. Mr. Neuhauser noted that until the issue is more deeply researched, we won't know the answer to that question.

Commission member Schatz continued the conversation with the issue of organized crime, wondering how prevalent it is and whether we are better off doing a study to figure out these effects. "I don't know, but I really want to know with the limited dollars we have what are the key issues we really need to find out about, or should that money better be spent on giving to the district attorneys to prosecute?" questioned Schatz.

Chairman Zachry provided some clarification by noting that how much money and who gets the money is the charge of the FAC. The Commission set aside \$750,000 for further research as part of the budget. Part of the reason that CHSWC and The Rand Corporation are making these presentations is to provide the FAC with suggestions to move forward. The Commission needs to decide in what area to focus the additional research in order to do a better job of determining how big the exposures are and where to best focus the dollars. "The intention behind the research is to improve the quality of the results that we get in terms of identifying and prosecuting fraud," stated Zachry.

Commission member Schatz noted that she was in strong support of the third suggestion. However, she was not certain that the other two ideas would not result in reaching the desired goal. Ms. Schatz requested to hear from the district attorneys and the department on the issues before them.

Commission member Chuck Center raised the issue as to whether or not extending the study would reflect both the old and new results. "I'm really interested how much of a decrease in the spike we are going to see in this study. That to me is going to tell the story what's going on in work comp fraud," stated

Center. He continued by saying that he was shocked to learn that there is \$100 billion in unreported payroll. Mr. Neuhauser commented that the study would include the old results and mapping to reflect the entire trend to allow for a comparison.

Commission member James Little remarked that he believed the add-on to the underreporting would be very valuable. The information will show one of two things, either it's going to show an improvement or show acceleration in that fraud which I think would probably reinforce the need to really focus more on it. Mr. Little cautioned about the first proposal of a study to target age groups and gender groups.

Deputy Commissioner Banda commented that he too had reservations regarding two of three proposals and that he would want to talk with the Legal Division. The proposal to extend the previously conducted study (1997-2002), Deputy Commissioner Banda believes would be acceptable as it is within the scope of the extent of over and underpayments.

Chairman Zachry asked for a motion to be made on the extension of underreporting, misreporting of payroll by the employers to proceed. Chair Zachry requested that Mr. Neuhauser explore the other two suggestions and return with full proposals at the next scheduled Fraud Assessment Commission (FAC) meeting.

Motion

Commission member Schatz requested the motion be moved.
Commission member Little seconded the motion.

Action

The Commission voted unanimously to proceed with the extension of the study.

Commission member Schatz raised the issue as to whether or not the California District Attorneys Association (CDAA) had information regarding what might already be available around the state.

CDAA Chair Gary Fagan remarked that both the Attorney General's Office and the Department of Justice have uniform criminal statistic reports. Also, the Office of Emergency Services has crime analysis that looks at the various aspects because experience shows that fraud isn't limited to workers' compensation. The perpetrators are involved in identity theft, money laundering, funding terrorist activities, Nigerian scams, Internet fraud, auto insurance fraud, and embezzlements.

Chair Zachry suggested that Mr. Neuhauser work with CDAA to acquire the sources to retrieve the data. Mr. Zachry raised the issue of the process needed to extend the study. "The FAC has allocated \$750,000 out of this year's budget

for research,” stated Zachry. The Commission now needs to determine an inter-agency agreement or a new Request for Proposal (RFP).

Motion

Commission member Little made the motion to extend the research study on identifying fraudulent underreporting and misreporting of payroll by employers from the period 2002 through 2005 with the suggested budget of up to \$40,000.

Commission member Schatz seconded the motion.

Action

The FAC voted unanimously for the motion.

Mr. Steve Zeltzer made a public comment regarding cost shifting that is currently happening within the system. Workers who have been injured on the job and then end up at public agencies, SSI and others, public hospitals and even homeless with their healthcare taken away from them.

Chair Zachry acknowledged the problem and commented that a study was currently underway through CHSWC.

Commission member Center raised the issue that this area was not under the Department of Insurance and outside the purview of the FAC.

Chairman Zachry introduced the next presenter, Dori Rose Inda who gave an update on the work of the Watsonville Law Center’s Workers’ Compensation Enforcement Collaborative.

The Collaborative consists of representatives from local community clinics, medical facilities from Santa Cruz and Monterey Counties, the Department of Insurance, Fraud Division, both Santa Cruz and Monterey District Attorneys’ Offices, the FAC, Kaiser Permanente, CHSWC, UC Berkeley Labor and occupational Health project, the Workers’ Compensation Injury Rating Bureau, Uninsured Employers Fund, Division of Labor Standards Enforcement and the Division of Workers’ Compensation Information Assistance Unit, Watsonville Law Center, California Rural Legal Assistance and the California Applicants Attorney Association.

Ms. Inda reported that the Collaborative was developed in response to the practice of employer workers’ compensation abuse to very low wage workers, mono-lingual Spanish speaking individuals, and the non-English speaking immigrant worker population. Ms. Inda provided a few examples of what happens to these injured workers when the employer is uninsured or fails to advise the worker of his right to workers’ comp coverage and drops the worker off at the doctor to pay their own expenses. Oftentimes the medical clinics do not

document the treatment as work related and that leaves the worker with no records at all.

“The Collaborative has been working on improving methods to help injured workers access benefits, and, improve the reporting of employer fraud and enforcement of antifraud laws, again focusing on this population and employers that they work with,” reported Ms. Inda.

Commission member Center commended the collaborative for the excellent efforts and suggested that Ms. Inda contact the Labor Council. The Labor Council is working throughout the State to help in leveling the playing field and ensuring that only legitimate employers are doing the work.

Chairman Zachry moved the discussion to legislative issues, which was the next agenda item. The CDAA had worked with the Legislature to get an author to make having no workers’ compensation insurance a ‘wobbler’. This would give the DA the discretion to determine whether or not to file as a felony or misdemeanor. Unfortunately, this legislative idea wasn’t able to acquire an author.

Lori Kammerer spoke on behalf of Small Business California on Senate Bill 869 (Ridley-Thomas). This bill establishes the uninsured employers’ identification program to identify those participating in the underground economy. The legislation is currently on the Governor’s desk for signature. Ms. Kammerer stated that she was requesting the FAC to send a letter of support for SB 869 to the Governor.

Motion

Commission member Center made the motion that the FAC send a letter to the Governor supporting the legislation.

Commission member Lilia Garcia seconded the motion.

Action

The FAC voted unanimously in favor of sending the letter of support for SB 869 to the Governor.

John Standish, Bureau Chief, Fraud Division reported to the FAC on the status of Insurance Commissioner Steve Poizner’s Blue Advisory Task Force on Insurance Fraud. The task force consists of leaders from the insurance industry, law enforcement and the judiciary. The task force encompasses a working committee that will produce findings and recommendations to be reviewed by a blue ribbon review committee.

The task force will meet for one-year before issuing their report in early 2008. The five major issues to be addressed by the task force are: 1) the efficiency of

the Fraud Division; 2) anti-fraud efforts by the insurance industry; 3) a thorough review of criminal and regulatory statutes dealing with insurance fraud; 4) new technology for the investigatory process; and 5) outreach efforts by the Fraud Division.

The workers' compensation focus group is further organized into subgroups, applicant, claimant, provider, premium and others. The focus group plans to meet and present their ideas, findings and recommendations to the task force on September 26, 2007.

The Chairman adjourned the FAC for a one-hour lunch.

The FAC meeting was called back to order and the Chair noted that one of the primary functions of the FAC was to determine the total aggregate with the percentage split to the district attorneys and the Fraud Division. Historically, the Commission held the assessment meeting in December, but in order to have this process within the normal budgetary cycle, we moved the date forward.

District Attorney Presentations

Gary Fagan co-chair of the CDAA Insurance Fraud Committee addressed the FAC. The district attorneys are tasked with the investigation and prosecution of provable fraud, and that's what the funding we're seeking addresses is prosecution resources, noted Fagan. He reminded the FAC that it is very early in the process and very difficult for district attorneys to give accurate projections on how the year will unfold and exactly what the needed financial resources will be.

"You have asked us to have a full spectrum of cases, applicant, provider, premium, uninsured and denial of benefits cases. The more complicated those cases are, the more expensive they are to prosecute, expensive in terms of man-hours, expensive in terms of resources," stated Fagan.

I have talked with my colleagues and most district attorneys have budgeted for cost of living increases and a few other escalating costs. Basically, in order to maintain our programs, the FAC needs to increase the assessment. With the information provided that there is \$3.8 million in lost premiums and a hundred billion dollars in lost payroll, it is imperative to make a significant impact in this area alone. "But, I think you need to think about not only the cost of business, but what the cost of commitment to the program is and what kind of program you want to see," stated Fagan.

Eric von Geldern, co-chair of the CDAA addressed the Commission. He commented that district attorneys are all about justice and not really economists. The district attorneys would like to have full funding in order to run their programs in the way they depicted in their submitted prospective budgets. Mr. von Geldern

reiterated his support of the comments made by Mr. Fagan, thanked the Commission for their time in evaluating the individual programs.

Commission member Schatz requested a copy of the letter from the department to the district attorneys requesting submission of their prospective budgets for fiscal year 2008-09.

Chairman Zachry called on each of the grant funded counties to make oral presentations to offer an opportunity for the district attorneys to add new information for their prospective budgets. Of the thirty-four grant funded counties, the total amount requested for fiscal year 2008-09 totaled \$30,248,646. In summary the results are as follows:

Imperial, Merced, San Luis Obispo, Sonoma and Stanislaus counties did not submit a proposed budget plan; therefore, the department substituted their 2007-08 requested funding.

Butte, Imperial, Kern, Marin, Merced, San Joaquin, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, Siskiyou, Solano, Sonoma, Stanislaus, and Tuolumne counties did not give oral presentations.

Fresno, Kings, Los Angeles, Sacramento, San Diego, Shasta Ventura and Yolo counties requested an increase in funding due to the cost of living increasing in their programs.

Alameda, Amador, Contra Costa and Riverside counties requested funding amounts in order to maintain the current anti-fraud effort.

The remaining counties each had a specific reason for the requested increase reflected in their prospective budgets:

El Dorado County needs increased resources due to the issues related to the Angora fire.

Monterey County increased their outreach efforts and uncovered very high incidents of fraud that need to be addressed.

Orange County requested an increase due to the increase in their population.

San Francisco County requested additional funding to add an investigator and to increase the percentage of time dedicated to the program by the deputy district attorney.

Santa Barbara County requested an increase in funding in order to change their .5% investigator to full-time.

San Bernardino County requested an increase in their proposal but did not address in the oral presentation.

Tulare County requested an increase in funding in order to increase program staff by one investigator. At the conclusion of the county presentations, Chairman Zachry called upon the Fraud Division to present their annual Report.

Dale Banda, Department of Insurance, Deputy Commissioner Enforcement Branch addressed the Commission. Deputy Commissioner Banda presented some background information. As Deputy Commissioner, Mr. Banda has the responsibility over two divisions; 1) Investigations and 2) Fraud Division. "And so it's important to know that although this particular commission does not fund that activity, the department does investigate insurance companies, insurance agents and brokers, unauthorized entities that are not licensed in California, bail bonds, title insurance, a variety of issues that come up on the point of sale side," stated Banda.

In order to combat workers' compensation, the department and district attorneys work together through the anti-fraud program by investigating and prosecuting those who commit workers' compensation insurance fraud.

Insurance Commissioner Steve Poizner is very interested in fighting fraud in California. In his 2007 Strategic Plan, he states he wants transparent values, a clear vision, common mission and shared goals. Poizner has two major objectives in the 2007 Strategic Plan. One is to reduce workers' comp premiums by aggressively pursuing workers' comp fraud, and two, the creation of the Advisory Task Force on Insurance Fraud.

The department continues to support the research study through legal analysis, monitoring the workers' comp program and Bureau Chief Plein assessing whether or not we are getting the bang for our buck from the study.

This year the Fraud Division, Investigation Division and Consumer Services have been stretched to respond to the South Lake Tahoe fires. Disaster response requires manpower resources to set-up sting operations and conduct outreach and town hall meetings to assist the fire victims in whatever way possible.

"The goal of the Fraud Division is to produce quality and cost effective investigations which result in successful enforcement actions. There are six components to achieve successful outcomes," stated Deputy Commissioner Banda.

The goals the Fraud Division is concentrating on this fiscal year are:

- 1) Reduce Incidents of Employer Misrepresentation,
- 2) Reduce Incidents of Employers Defrauding Employees,
- 3) Reduce Incidents of Medical Provider Fraud,

- 4) Continue to Maintain a Balanced Caseload,
- 5) Administrative Functions Within the Workers' Compensation Program, and
- 6) Outreach (To Act as Deterrence).

One of Insurance Commissioner Poizner's campaign promises was to fill the vacancies in the Fraud Division. There is a statewide problem with law enforcement vacancies. Currently, the Fraud Division has 40 peace officer vacancies. There is also a pay parity issue that the department is addressing.

The Fraud Division has worked with the district attorneys to assign dedicated personnel. Each district attorney has a different approach when it comes to dedicated personnel. "I'll have to say publicly there are some cases where we do have to – when an emergency comes up, a search warrant, an arrest warrant, we have to redeploy investigators," stated Banda.

For fiscal year 2006-07, district attorneys reported 544 arrests. The Fraud Division reported 401 arrests, an increase of over 34 percent from last year. The DAs convictions were 502, an increase of eight percent from last year. The return on investment for this fiscal year is \$6 for every \$1 of funding.

The Fraud Division budget information is reflected in the report to the FAC. For fiscal year 2008-09, the Fraud Division is requesting funding at \$20.2 million.

Commission member Chuck Center raised the issue as to whether or not the Fraud Division was meeting with or getting leads from labor. Deputy Commissioner Banda commented that the Fraud Division continues to meet with the Labor Commission and other labor agencies. As a result, referrals from labor have increased.

Chairman Zachry raised the issue as to whether or not the Workers' Compensation Program was maximizing the funded district attorney database and whether or not the database could assist in identifying trends or issues. Deputy Commissioner Banda remarked that the database has received four or five new enhancements and continues to move forward.

Commission member Lilia Garcia noted that Fraud Division has about 778 claimant fraud cases but that employer fraud reflected a high priority. Deputy Commissioner Banda commented that a claimant fraud case usually required from 150 to 250 hours of investigative time and no court time. However, when investigating premium fraud, which could consist of an employer, a medical provider and an undercover operation, the investigative time increases to an average of two, five and six thousand hours including search warrants.

Chairman Zachry moved the meeting into public comment chaired by Commission member Chuck Center.

Mr. Center reminded everyone that public comments are limited to three minutes and must be germane to the agenda item.

Senior Legal Counsel Vanessa Himelblau noted that after public comment the FAC needed to take a vote on extending the study.

Steve Zeltzer addressed the FAC regarding the fact that earlier the injured workers who came to speak under public comment were under medical conditions and were not able to complete their three minutes. "That blue ribbon committee has no labor or injured workers on it, as does this commission have no injured workers. I think this is a serious problems," stated Zeltzer.

Mr. Zeltzer gave a couple of examples of counties ... "that I think we support deleting the budget for." Additionally, he commented on a mass cost shifting going on in the system. Workers are afraid to file workers' comp claims because they're afraid they're going to be targeted, they're afraid they're going to be punished. This creates an increase in workers' comp claims on the disability insurance and workers going to SSI.

Linda Roberts reported today for an investigative grant. Ms. Roberts described her injury and the issues regarding her settlement. Since the passage of SB 899, Ms. Roberts lost certain medical treatment and prescriptions.

Mr. Center offered to assist with labor issues but cautioned the public that the FAC was here for oversight on the Workers' Compensation Anti-fraud Program, which includes the department and the district attorneys.

Commissioner Jiles Smith commented that he understood the issues regarding the injured workers, but the FAC was not designed to handle these situations.

Chairman Zachry directed the Commission back to the agenda. Presentations have been given by the district attorneys and the Fraud Division has presented the annual report. The FAC began the deliberative process to determine the aggregate assessment for the upcoming fiscal year 2008-09. One part of the process involves the Division of Workers' Compensation concerning the appropriate notification process, per AB 749. The legislation requires that all of the claims adjusters and the medical providers within the workers' compensation community be notified of their rights and responsibilities concerning the reporting of fraud as well as the warnings concerning the potential problems associated with perpetuating any fraud. Chairman Zachry stated, "...we've been asking the district attorneys in terms of expense to hold to the budget of ten percent, so I asked the Division of Workers' Compensation to the same, and they have."

Chairman Zachry is working with the acting administrative director of the Division of Workers' Compensation to work towards eventually being able to make notification through the e-mail; this will significantly reduce the expenses.

Deputy Commissioner Banda offered a couple of figures to be used in consideration of the determination. The balance in the Workers' Comp Fraud Account totaled \$1,422,455 and is available to augment or offset the aggregate. Also, the expense for incidental costs is \$200,000, which is split 50-50 district attorneys and Fraud Division off the top of the aggregate.

Commission member Smith suggests that the FAC funding determination begin with the Fraud Division.

Motion

Commissioner Smith makes a motion to fund the Fraud Division at \$20,284,268.

Discussion continued regarding the amount of assessment for fiscal year 2007-08 which reflects a collectible amount from the employers of \$42,318,000. Furthermore, the FAC requested an assurance from Deputy Commissioner Banda that the amount would cover the salary increases, benefits, overhead, and OE&E. Deputy Commissioner Banda responded, "Yes".

Commissioner Center seconded the motion.

Action

Commission member Garcia, Aye
Commission member Regan, Aye
Commission member Little, Aye
Commission member Smith, Aye
Commission member Center, Aye
Commission Chair Zachry, Aye
Commission member Schatz, Abstain

Chairman Zachry raised the issue of the proposed funding for district attorneys for fiscal year 2008-09. Last fiscal year the district attorneys budget was \$25 million. The projected carryover amount is about \$2 million and they are requesting \$30,248,646 for the upcoming fiscal year 2008-09.

Discussion continued regarding the justification for the increase in funding for the district attorneys. The DAs have been asked to take on more complex cases. Hopefully, the research will provide us with more definite directions to pursue fraud.

Chairman Zachry recapped that the total assessment to the employers would be \$48,136,813 (\$49,559,268 minus \$1,422,455 restitution in the Workers' Compensation Fraud Account) District Attorneys are assessed up to \$29 million and the Fraud Division at \$20,284,268. Incidental expenses are \$200,000, plus \$75,000 for the cost of notification.

Motion

Commission member James Little made the motion that the FAC authorize up to \$40,000 in additional expenditures to roll out the expansion of the premium fraud study.

Commission member Darlyn Regan seconded the motion.

Action

The motion passed unanimously.

Motion

Commission member Jiles Smith made the motion to send in a letter of support for SB 869 (Ridley-Thomas).

Commission member Schatz seconded the motion.

Action

The motion passed unanimously.

There was discussion regarding the process of the meetings. It was determined that after each agenda item, time for public comment would follow prior to the FAC taking any action.

The next meeting of the Fraud Assessment Commission is scheduled for Tuesday, January 8, 2008 in Southern California.

The meeting adjourned at 5:06 p.m.